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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable JACK REED, Senator from the State of Rhode Island.

PRAYER

The PRESIDING OFFICER. The prayer will be offered today by the guest Chaplain, the Rev. Dr. Frederick W. Pfotenhauer, from Hilltop Lutheran Church of the Ascension, South Bend, IN.

The guest Chaplain, offered the following prayer:

Holy God, Wisdom Eternal, at the time Your Spirit breathed over the Earth and gave life and heart to all that is, You also called all people to be participants in Your holy actions. Enable each of us, especially those elected to this United States Senate and charged with being the voice of the people who inhabit this beloved land, to recognize our responsibility as conduits for these Your holy actions. Our prayer this morning, in voices lifted to You, resonates not only with the men, women, and children of our country but with the voice of humanity throughout the world and across the centuries. And so we, the family of the Senate, desiring to be filled anew this day with Your Spirit, Your wisdom, and Your purpose, plead with You to hear once more the prayer of Francis of Assisi.

Lord, make me an instrument of Your peace; where there is hatred, let me sow love; where there is injury, pardon; where there is doubt, faith; where there is despair, hope; where there is darkness, light; where there is sadness, joy.

O Divine Master, grant that I may not so much seek to be consoled as to console, to be understood as to understand; to be loved as to love.

For it is in giving that we receive, it is in pardoning that we are pardoned. And it is in dying that we are born to Eternal Life. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JACK REED led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 25, 2002.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JACK REED, a Senator from the State of Rhode Island, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. REED thereupon assumed the Chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The acting majority leader is recognized.

SCHEDULE

Mr. REID. The first hour, as the Chair will shortly announce, will be a period of morning business. The Republican leader has control of the first half, and the Democratic leader has control of the second half.

At 10:30, we will begin consideration of the motion to waive the Budget Act with respect to the Rockefeller amendment. There will be 1 hour of debate on that and a vote thereafter.

Last night, a unanimous consent agreement was entered into between

the two leaders that allows the majority leader to call up the legislative branch appropriations bill, which probably will be done sometime today. Following that, we may even go to the Defense bill. The order is we go to that before next Wednesday.

In the meantime, there is work being done. People worked in the Capitol until late last night trying to come up with some sort of amendment dealing with prescription drugs. We need a bipartisan agreement on that. It was a bipartisan group meeting last night.

The Senator from Oregon, the junior Senator from Oregon, Senator SMITH, wishes to speak for a few minutes now, and I ask unanimous consent he be allowed up to 3 minutes to speak.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Oregon.

GUEST CHAPLAIN DR. FREDERICK W. PFOTENHAUER

Mr. SMITH of Oregon. Mr. President, it is my privilege today to say a few words about the reverend doctor who offered a word of prayer on behalf of this country and this institution this morning.

The Rev. Dr. Fritz Pfotenhauer has given me permission to refer to him personally as Fritz, but he is a most distinguished pastor and minister of the gospel. He is the pastor of the Hilltop Lutheran Church in South Bend, IN. He is descended from a long line of Lutheran ministers in an unbroken father-son succession dating back to the time of the great reformer, Martin Luther.

Dr. Pfotenhauer completed his Ph.D. in pastoral theology at the University of Notre Dame where he also taught for 20 years until his retirement recently.

He will also retire at the end of this year as the pastor of Hilltop Lutheran after 36 years of service to that community and 46 years as an ordained minister.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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I think it is significant that this good brother is not just trained for the ministry and knows the ivory tower and knows the depths of theology, but he knows how it is to minister, how it is to change the human heart and help lift people from the wrong path. This is a man, as you meet with him, who can talk deep in terms of gospel principles but also knows personally what it is like to change the human heart and to set it on the course of righteousness.

Pastor Pfothenhauer is the father of Kurt Pfothenhauer, who is my friend and my former chief of staff for nearly 6 years. Dr. Pfothenhauer's wife, Carolyn, is in the audience today. We welcome her. We honor her, as well as her grandsons, Jon and Ben, and her daughter-in-law, the pastor's daughter-in-law, Kurt's wife, Nancy. They are all with him today.

We honor you, sir. We thank you for your service to us today. We thank God for your service to his children.

I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. with Senators permitted to speak therein for up to 10 minutes each. Under the previous order, the first half of the floor time will be under the control of the Republican leader or his designee, and the final half of the time shall be under the control of the Democrat leader or his designee.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico.

THE STATE OF THE ECONOMY

Mr. DOMENICI. The Republican leader has designated the Senator from New Mexico to control the time. I yield myself 10 minutes.

Mr. President, fellow Senators, a week ago the Federal Reserve Chairman, Alan Greenspan, testified before the Senate Banking Committee. It is important to take note of what he said at that hearing and where he thinks our economy is headed. Despite the obvious bear market which prevailed until yesterday, when we had a rather significant bull market for the day, our economy's fundamentals are strong.

Despite this bear market, our economy is not headed for another recession in the near future. Productivity growth is rapid. Inflation is low. Mortgage rates are also low, as everyone knows. That has kept the housing market very strong.

Families have been taking advantage of these low-income rates by buying

homes at a record pace and refinancing old ones, thus yielding either lower payments or cash at hand which they are using to acquire what they believe they need.

Notice that those who claimed that the tax cut would lead to higher interest rates have been very quiet of late, at least on that point. The Federal Reserve sees the economy as growing at about a 3-percent rate in the second half of this year and even faster next year. The unemployment rate will probably end the year at about 5.9 percent. That is about right where it is now.

Next year, the jobless rate could drop to about 5.4 percent. This does not mean the outlook lacks uncertainty. The recent weakness in the stock market is important. The American people are worried, concerned. Lower equity prices create a negative wealth effect that will be a drag on consumer spending, as I have just indicated. Lower stock prices also make it tougher for businesses to acquire the capital they need to invest. Slow business investment continues to be our economy's weakest point. And, of course, we still face the risk of further terrorist attacks or other conflicts that could disrupt the energy market.

Chairman Greenspan also observed:

To a degree, the return to budget deficits has been the result of temporary factors, especially the falloff of revenue, of tax take, and the increase in outlays associated with the economic downturn.

But the chairman also observed that unfortunately, despite these temporary factors impacting the deficit, he also saw signs that the underlying disciplinary mechanisms that form the framework for Federal budgets over the last 15 years have eroded.

I would say one of the most obvious "disciplinary mechanisms," to borrow his words, is the adoption of a congressional budget. I have spoken in the past here on the floor about the failure to adopt a budget resolution this year. Clearly, this is the one thing we can do in the Congress to send a message to the American public and to the markets that we understand the importance of having a budget in these difficult economic times. So far we have failed as elected officials to do the most essential of our responsibilities—adopt a budget.

Clearly, the other side of the aisle, the Democrats and their leadership, bear that responsibility, the responsibility to have continued on with the budget process and to have produced a budget resolution. We know that even on this most serious of debates, with reference to prescription drugs for our seniors, the absence of a budget resolution has found its way here to the floor.

Because there is not a budget resolution that impacts for the remainder of this year, we then look to the previous year for the impacts, plus or minus impacts, on adopting a prescription drug bill. Lo and behold, we find the pre-

vious year's budget, the budget that this Senator, as chairman, helped put together, is now impacting and will through the remainder of this fiscal year be impacting on what we can do in Medicare. Clearly, it is saying we can only spend \$300 billion over the next decade. That was the judgment of the Senate when it last voted in a budget resolution.

Things have not gotten better but perhaps have gotten somewhat worse during that intervening year. We are here on the floor discussing a Medicare bill that is much larger than what we talked about the year previous when we had a rather positive economy, not one that was in the red but one that was in the black.

Now the question is, What shall we do for the remainder of this year, up until October 1, when all the appropriations bills are subject to adoption in both Houses, to go to conference, come back, and then go to the President—when all the other measures on which we have been going slow, or are in conference, have to come up? Are we going to have no budget resolution nor budget statement impacts on any of those activities, the sum total of which are the budget, and determine, starting October 1, what we shall do?

It makes it difficult. Even the distinguished chairman of the Appropriations Committee, the President pro tempore, responding to a question about how not having a budget would affect the ability to work on appropriations bills, said—and I quote from *The Hill* magazine:

It makes it difficult because we don't have the disciplinary mechanisms at our fingertips that would otherwise be the case if we had a budget.

The Appropriations Committee, under his leadership and that of Senator STEVENS as ranking member, is fully aware their appropriations bills, one by one, when added together are the sum total of the budget for the year starting October 1. They have recommended on one of the bills that there be a sense of the Senate that they will engage in attempting, with the Senate, to bind themselves to the numbers in the appropriations bills, saying we will be bound by those even though we do not have a budget resolution that would normally give the numbers, prescribe them to the committee.

I gather that means the Budget Committee chairman and ranking member—with that language, that sense of the Senate, saying that we will be bound by the sum total of the allocations to the subcommittees—I gather they clearly are concerned that if we do not have something, the bills eventually will be subject to whatever the Senate would vote in and have no overlying power that says you can't go over this or you suffer some kind of penalty.

Senator BYRD and Dr. Greenspan have spoken. I tried on two or three occasions on the floor to remind us, as Senator JUDD GREGG has, and some